

Message Text

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46

ACTION EB-06

INFO OCT-01 NEA-10 ISO-00 AEC-07 AID-05 CEA-01 CIAE-00

CIEP-02 COME-00 DODE-00 FEAE-00 FPC-01 H-02 INR-07

INT-05 L-02 NSAE-00 NSC-05 OMB-01 PM-03 RSC-01 SAM-01

OES-04 SP-02 SS-15 STR-04 TRSE-00 FRB-01 AF-10 ARA-10

EA-10 EUR-12 PRS-01 PA-02 USIA-15 SIL-01 LAB-03 AGR-10

/160 W

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R 040820Z NOV 74

FM USINT BAGHDAD

TO SECSTATE WASHDC 1371

INFO AMEMBASSY ABU DHABI

USINT ALGIERS

AMEMBASSY BEIRUT

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY TEHRAN

UNCLAS BAGHDAD 765

E.O. 11652: N/A

TAGS: ENRG, IZ

SUBJECT: IRAQI OIL POLICY

1. OIL MINISTER SAADOUN HAMMADI'S OPENING SPEECH OCT 31 TO
INTTRNATIONAL SEMINNAR SPONSORED BY WPC AND AAPSO ON "OIL AND
RAW MATERIALS FOR ECONOMIC DEVELOPMENT, SPECIAL PROGRESS AND
EQUITABLE ECONOMIC RELATIONS" PROVIDES GOOD RECENT STATEMENT
OF GOI OIL POLICY. EXCERPTS FOLLOW:

2. HURDLE WHICH OBSTRUCTS DEVELOPMENT OF OIL EXPORTING
COUNTRIES IS FRAMEWORK OF OIL INDUSTRY CHARACTERIZED BY
SYSTEM OF CONCESSIONS AND INTERNATIONAL LABOR DIVISIONS
WHICH AIMS AT KEEPING EXPORTING COUNTRIES DEPENDENT ON
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EXPORTATION OF RAW MATERIALS. CHANGES WHICH HAVE OCCURRED

AND RESULTED IN HIGHER PRICES ARE NOW BEING FACED WITH GROWING PRESSURES FROM MAJOR INDUSTRIAL CONSUMERS, LED BY U.S. PRESSURE IS TAKING FORM OF NEW BLOCS, PRESSURE AND OUTRIGHT THREATS, SUCH AS RECENT THREAT MADE BY U.S. IRAQ POLICY IS BASED ON OPTIMAL EXPLOITATION OF HYDRO-CARBONS TO ACHIEVE ECONOMIC DEVELOPMENTTT AND TO ELIMINATE SYSTEM OF CONCESSIONS THROUGH NATIONALIZATION.

3. IRAQ ACTIVELY SEEKING TO DEVELOP ITS ECONOMY BY OPTIMAL EXPLOTATION OF OIL BY PROCESSING CRUDE AND NATURAL GAS, BUILDING REFINERIES, PTRO-CHEMICALS AND FERTILIZERS, THUS ENSURING LARGEST POSSIBLE EXPORTS OF PROCESSED PRODUCTS. IRAQ ALSO BELIIVES IN RELATING PRODUCTION TO DEVELOPMEENT NEEDS AND AVOIDING MONETARY SURPLUSES WHICH INVOLVE DANGERS EQUAL TO DANGERS POSED BY MEAGRE FINANCIAL RESOURCES. THROUGH OPEC IRAQ IS WORKING TOWARDS THE ASSERTION OF LEGITIMATE RIGHTS OF MEMBER COUNTRIES IN ORDER THAT MEMBERS STAND AS ONE BLOC IN FACE OF THTHEATS.

4. AS OPEC STARTED TO GET MORE EQUITABLE PRICES FOR THEIR OIL IT MET VIOLENT REACTIONS FROM CAPITALIST WORLD LED BY U.S. LATTER IS STILL WORKING TO GET MAJOR INDUSTRIAL POWERS TO FORM A BLOC AND THREATENING ALL TYPES OF ECONOMIC AND POLITICAL PRESSURE IN ORDER TO FORCE OIL EXPORTING COUNTRIES TO GIVE UP THEIR GAINS AND IN ORDER TO BREAK UP THEIR UNITY. THE GOAL BEHIND THESE THREATS IS TO MAINTAIN UNJUST INTERNATIONAL ECONOMIC SYSTEM WHICH HAS IMPOVERISHED THE DEVELOPING COUNTRIES BY KEEPING THEM AS A DEPOSITORY OF RAW MATERIALS.

5. OIL EXPORTING COUNTRIES ARE NOT RESPONSIBLE FOR PRESENT CRISIS IN INTERNATIONAL ECONOMIC AND MONETARY RELATIONS. IRAQ BELIEVES OIL SUPPLY SHOULD BE LINKED TO RAPID ECONOMIC DEVELOPMENT IN EXPORTING COUNTRIES, EITHER BILATERALLY OR COLLECTIVELY. QUESTION OF OIL SUPPLY AND OIL PRODUCTS SHOULD BE LINKED TO ASSURANCE OF SUPPLYING EQUIPMENT, MODERN TECHNOLOGY AND THE ELIMINATION OF ALL HURDLES OBSTRUCTING THE INDUSTRIALIZATION OF OIL EXPORTING COUNTRIES. INDUSTRIAL NATIONS HAVE ALSO TO END INFLATION WHICH IS CAUSING GREAT DAMAGE TO EXPORTING COUNTRIES.

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6. AS FOR DEVELOPING COUNTRIES, WHICH ARE NOT EXPORTERS OF OIL, IRAQ BELIEVES THEY SHOULD BE HELPED THROUGH LOANS T EASY TERMS AND THROUGH WORKING OUT SYSTEM LEADING TO ECONOMIC INTEGRATION WITH THEM, AND HELPING THEM TO INDUSTRIALISE. IRAQ HAS CONCRETIZED HER STAND BY MAKING CONSIDERABLE CONTRIBUTIONS TO A NUMBER OF DEVELOPING COUNTRIES THROUGH BILATERAL AND REGIONAL AGREEMENTS.

NATIONAL AND HUMAN OBLIGATION REQUIRES THAT ARAB FINANCIAL
SURPLUSES BE USED IN UNDER-DEVELOPED COUNTRIES AND NOT FOR
MORE DEVELOPMENT OF CAPITALIST COUNTRIES - WHICH MAKES SUCH
SURPLUSES LIABLE TO DECREASE IN VALUE AS RESULT OF MONETARY
FLUCTUATIONS AND LINKS OIL EXPORTING COUNTRIES WITH CAPITALIST
COUNTRIES. LOWRIE

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